

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

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R 011512Z JUL 74

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6838

UNCLAS SECTION 1 OF 2 MONTEVIDEO 1800

E.O. 11652: N/A

TAGS: BEXP, UY

SUBJ: FY75 COMMERCIAL ACTION PROGRAM-URUGUAY

REF: STATE A-4304

1. SUMMARY: WE BELIEVE IT IS USEFUL TO PREFACE THE FY75 CAP SUBMISSION FOR URUGUAY WITH SEVERAL OBSERVATIONS.

2. URUGUAY IS TRADITIONALLY A SMALL MARKET FOR U.S. EXPORTS (AVERAGE ANNUAL IMPORTS FROM U.S. FROM 1970 TO 1973 WERE \$26.8). THERE ARE, HOWEVER, A NUMBER OF LARGE PUBLIC WORKS PROJECTS WHICH ARE PLANNED TO BEGIN IN FY75 AND OPPORTUNITIES MAY DEVELOP IN THE PRIVATE SECTOR IN SUPPLYING CAPITAL GOODS FOR NEW EXPORT INDUSTRIES. THE CAP IS CENTERED ON THESE POSSIBILITIES. END SUMMARY.

3. THE REFERENCED AIRGRAM STATES THAT EACH CAMPAIGN SHOULD INCLUDE ACTIONS TO OVERCOME RESTRAINTS ON IMPORTS OF THE TARGET INDUSTRY. IN MVD A-083 OF JUNE 15, 1974 THE EMBASSY LISTED A LARGE VARIETY OF NTB'S IN EFFECT HERE. WHILE ON SPECIFIC SALES TRANSACTIONS WE MIGHT INFLUENCE THE GRANTING OF QUOTAS, EXEMPTION FROM CREDIT REQUIREMENTS ETC., IF CONCERNED WITH AN IMPORTANT GOU INVESTMENT

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PRIORITY, WE DO NOT BELIEVE IT IS POSSIBLE TO PROGRAM

SUCH ACTION AT THIS TIME. IT WOULD BE DESIRABLE IF THE GOU IN ITS OWN INTERESTS REFORMED ITS TRADE SYSTEM BUT WE DO NOT BELIEVE IT WOULD BE PRODUCTIVE FOR THE EMBASSY TO PRESSURE THE GOU TOWARD SUCH REFORMS.

4. THERE IS A POSSIBILITY THAT AN AID LOAN FOR IMPORTS OF CAPITAL GOODS FOR EXPORT INDUSTRIES WILL BE NEGOTIATE IN FY74. IT WOULD BV APPROPRIATE TO DISCUSS TRADE POLICIES WHICH INHIBIT ECONOMIC GROWTH AND TO SEEK REFORMS IN THE CONTEXT OF SUCH A LONA. THUS THE LOAN WOULD BOTH INCREASE IMPORTS OF U.S. CAPITAL GOODS AND SERVE TO REDUCE RESTRAINTS ON IMPORTS GENERALLY.

5. AN IMPORTANT RESTRAINT ON THE CAP IS AVAILABLE PERSONNEL. THE EMBASSY PRESENTLY OPERATES WITH A SMALL ECONOMIC/ COMMERCIAL SECTON AND THE COMMERCIAL ATTACHE SPENDS APPROXIMATELY 35 PERCENT OF HIS TIME ON NON-COMMERCIAL MATTERS. TWO ECONOMIC/COMMERCIAL POSITIONS ARE NOT PRESENTLY MANNED, WITH ONE VACANT AND THE OTHER FILLED BY AN OFFICER ON TDY TO VIETNAM. USING THE COMPUTATION IN THE REFERENCED AIRGRAM UNDER RESOURCE ALLOTMENTS, THE COMMERCIAL SECTION HAS DIRECTLY AVAILABLE 150 MD FROM THE COMMERCIAL ATTACHE AND 225 MD EACH OF A RESEARCH ANALYST, A RESEARCH ASSISTANT, AND A BILINGUAL SECRETARY, PLUS APPROXIMATELY 120 MD UNDER A NON-PERSONAL SERVICE CONTRACT FOR LAFTA LIAISON AND REPORTING. THERE ARE, OF COURSE, SUBSTANTIAL MAN DAYS DEVOTED TO COMMERCIAL WORK BY OTHER OFFICERS OF THE EMBASSY BUT DUE TO THE ADHOC NATURE OF THESE SERVICES THEY ARE DIFFICULT TO PROGRAM IN ADVANCE.

6. WE HAVE INTERPRETED THE CAP INSTRUCTIONS TO MEAN THAT THE CAMPAIGNS ARE EFFORTS ABOVE AND BEYOND THE NORMAL COMMERCIAL WORK OF THE EMBASSY. USIS, FOR EXAMPLE, IS STRONGLY SUPPORTING LIS ON-GOING PROGRAM THROUGH FILMS, PUBLICATIONS AND MEDIA CONTACTS AND EACH OF THE CAMPAIGNS THAT FOLLOW WILL ALSO BE SUPPORTED WHERE APPROPRIATE. WE ARE ALSO CONSIDERING A NUMBER OF NEW INITIATIVES FOR THE COMMERCIAL PROGRAM BUT THESE ARE TOO PRELIMINARY FOR INCLUSION IN THIS CAP. HOEPFULLY, UNCLASSIFIED

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WE WILL BE ABLE TO INTRODUCE THESE CAMPAIGNS IN SUBSEQUENT CAP REVISIONS.

7. CAMPAIGN NO 1. LEATHER PROCESSING MACHINERY. ANNUAL MAN-DAY ALLOTMENTS: FSO-4 COMMERCIAL ATTACHE 15 MD; FSL-7 SR RESEARCH ANALYST 30 MD; FSL-5 RESEARCH ASSISTANT 5 MD; FSL-5 SECRETARY 8 MD INVITATIONS TO SHOW WILL BE SENT BY AUGUST 2.

ACTION 1-COMMERCIAL ATTACHE AND SR. RESEARCH ANALYST WILL CALL ON THE CHAMBER OF LEATHER CLOTHING AND THE CHAMBER OF FOOTWEAR MANUFACTURERS DURING JULY TO PROMOTE THE USTC EXHIBIT.

ACTION 2-USIS PRESS ATTACHE WILL PREPARE PRESS RELEASES FOR PUBLICATION IN AUGUST TO PROMOTE EXHIBIT AND SR. RESEARCH ANALYST WILL PREPARE ARTICLE ON EXHIBIT FOR AUGUST ECONOMIC AND COMMERCIAL NEWSLETTER.

ACTION 3-SR. RESEARCH ANALYST WILL PREPARE A PIM ON URUGUAYAN LEATHER PROCESSING INDUSTRY BY SEPTEMBER 30. COMMERCIAL ATTACHE WILL ANALYZE CREDIT NEEDS FOR IMPORTS OF U.S. CAPITAL GOODS FOR INDUSTRY AND PREPARE AN INFORMATION BULLETIN ON CREDIT RESOURCES FOR SUCH IMPORTS FOR MAILING TO INDUSTRY BY OCTOBER 15.

8. CAMPAIGN NO 2. FOOD PROCESSING AND PACKAGING EQUIPMENT ESPECIALLY FOOD REFRIGERATION AND FREEZING EQUIPMENT; CANNING, FILLING, PACKAGING AND SEALING EQUIPMENT; SLAUGHTERHOUSE MACHINERY AND EQUIPMENT; AND RELATED PARTS AND ACCESSORIES. ANNUAL MAN-DAY ALLOTMENT. COMMERCIAL ATTACHE 30 MD, SR. RESEARCH ANALYST 45 MD, RESEARCH ANALYST 10 MD, SECRETARY 15 MD.

ACTION 1-COMMERCIAL ATTACHE AND SR. RESEARCH ANALYST WILL DISCUSS FOLLOW-THOROUGH TO BUENOS AIRES USTC FOOD PROCESSING AND PACKAGING EXHIBIT (JUNE 24-28) WITH USTC DIRECTOR DURING WEEK OF JULY 1-6. USTC IS PROVIDING A FILM OF EXHIBITION WHICH WILL BE SHOWN TO AN INVITED AUDIENCE DURING JULY. (FUNDS ALLOTTED FOR REFRESHMENTS-\$25).

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ACTION 2-BY THE END OF AUGUST, THE SR RESEARCH ANALYST WILL HAVE SURVEYED THE FISH PROCESSING INDUSTRY TO DETERMINE PLANS FOR THE PURCHASE OF REFRIGERATION AND FREEZING EQUIPMENT. TO'S WILL BE PREPARED IF APPROPRIATE BY THE RESEARCH ASSISTANT BASED ON THE RESULTS OF THE SURVEY.

ACTION 3 - COMMERCIAL ATTACHE AND SR. RESEARCH ANALYST WILL VISIT THE NATIONAL MEATPACKING COMMITTEE IN JULY TO DISCUSS EQUIPMENT REQUIREMENTS FOR THE INDUSTRY. IF JUSTIFIED A PIM WILL BE PREPARED DURING FY75.

ACTION 4 - DISCUSSIONS WILL BE HELD WITH VEGETABLE OIL PROCESSORS IN OCTOBER TO DETERMINE WHAT ADDITIONAL MACHINERY WILL BE NEEDED IF URUGUAY BECOMES, AS PLANNED, A LARGE PRODUCER OF SOY BEANS. SOY BEAN PLANTINGS IN

OCTOBER WILL GIVE A GOOD INDICATION WHETHER THE GOVERNMENT'S
INCENTIVE PROGRAM IS SUCCESSFUL.

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INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

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ACTION 5 - A SURVEY OF THE CANNING INDUSTRY WILL BE COMPLETED
BY THE SR. RESEARCH ANALYST BY NOVEMBER 30, WITH SPECIAL
ATTENTION ON CORNED BEEF WHICH MAY RECEIVE PRIORITY ATTENTION
AND RESOURCES FROM THE GOU. IF WARRANTED, A PIM WILL BE
SCHEDULED FOR LATER IN THE FY.

9. CAMPAIGN 3. ENERGY SYSTEMS. HYDRAULIC TURBINE GENERATORS,
ELECTRIC POWER DISTRIBUTION EQUIPMENT, AND PARTS AND
ACCESSORIES.

ANNUAL MAN-DAY ALLOTMENT COMMERCIAL ATTACHE 5 MD; SR. RESEARCH
ANALYST 10 MD; SECRETARY 2 MD.

ACTION 1 - COMMERCIAL ATTACHE WILL MEET IN EARLY JULY WITH
LOCAL REPRESENTATIVE OF LOUIS BERGER CONSULTANT FIRM
TO OBTAIN INFORMATION ON PROPOSED AGRICULTURAL/HYDRO-
ELECTRIC DAM AT CENTURION PASS ON RIO YAGUARON BETWEEN
URUGUAY AND BRAZIL. EARLY WARNING REPORT WILL BE
PREPARED BY COMMERCIAL ATTACHE BEFORE END OF JULY.

ACTION 2 - SR. RESEARCH ANALYST WILL INVESTIGATE DURING
JULY STATUS OF PROPOSED PALMAR HYDROELECTRIC PROJECT AND

PREPARE REPORT IF INDICATED BY AUGUST 10.

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ACTION 3 - COMMERCIAL ATTACHE WILL PERIODICALLY CHECK WITH APPROPRIATE AGENCIES TO SEE IF ANY DEVELOPMENTS HAVE OCCURED IN PROPOSED PLANS TO INTER-CONNECT URUGUAYAN AND ARGENTINE POWER GRIDS.

10. SURVEY CAMPAIGN.

ANNUAL MAN-DAYS ALLOTTED COMMERCIAL ATTACHE 15 DAYS; SR. RESEARCH ANALYST 15 DAYS; RESEARCH ASSISTANT 2 DAYS; SECRETARY 2 DAYS. (DURING FIRST QUARTER FY 75)

ACTION 1 - BY JULY 30 SR. RESEARCH ANALYST WILL PREPARE A BRIEF PROFILE ON THE MARBLE AND GRANITE INDUSTRY. THE COMMERCIAL ATTACHE AND THE SR. RESEARCH ANALYST WILL BY SEPTEMBER 30 VISIT AT LEAST THE MAJOR FIRMS TO INVESTIGATE EQUIPMENT REQUIREMENTS. IF DEEMED USEFUL, PIM WILL BE PREPARED BY DECEMBER 30.

ACTION 2 - DURING SEPTEMBER, COMMERCIAL ATTACHE, AND SR. RESEARCH ANALYST WILL VISIT NATIONAL FISH BOARD TO OBTAIN LATEST INFORMATION ON APPROVED INVESTMENT PROJECTS FOR PURCHASE OF TRAWLERS. COMPANIES WILL ALSO BE CALLED OR VISITED DURING SEPTEMBER TO DETERMINE STATUS OF INVESTMENT PROJECTS. A LIST OF SOURCES FOR TRAWLERS, SHIP AND FISHING EQUIPMENT IN THE US WILL BE PREPARED AND MAILED OR GIVEN TO EACH OF THE COMPANIES.

ACTION 3 - FOLLOWING OPENING OF BIDS ON JULY 15 COMMERCIAL ATTACHE WILL ATTEMPT OBTAIN LIST OF COMPANIES PRE-QUALIFIED FOR OFFSHORE OIL EXPLORATION PROJECT. THIS INFORMATION WILL BE SENT TO SUB-CONTRACTORS IN THE UNITED STATES WHO HAVE INDICATED INTEREST IN PROVIDING SERVICES TO COMPANIES WHICH WILL UNDERTAKE EXPLORATION PROJECT.
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